

Related Change Request (CR) #: 3990

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Implementation Date: January 3, 2006

Supplying Fee and Inhalation Drug Dispensing Fee Revisions and Clarifications

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Physicians, providers, and suppliers billing oral anti-cancer chemotherapeutic drugs, oral anti-emetic drugs, immunosuppressive drugs, or inhalation drugs to Medicare durable medical equipment regional carriers (DMERCs) or fiscal intermediaries (FIs).

Provider Action Needed

This article is based on information contained in Change Request (CR) 3990, which clarifies and revises the policies and fees related to the supply fee and dispensing fee, and outlines changes to Healthcare Common Procedure Coding System (HCPCS) codes used for those fees.

Background

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, Section 303(e) (2)) authorized Medicare to pay a supplying fee for the following drugs:

- Immunosuppressive drugs,
- Oral anti-cancer chemotherapeutic drugs, and
- Oral anti-emetic drugs used as part of an anti-cancer chemotherapeutic regimen.

Supplying Fees

Effective January 1, 2006, Medicare will pay the following supplying fees to a pharmacy for each of the above listed drugs:

- **\$24.00 for the first prescription** supplied to a beneficiary during a 30-day period. Each pharmacy that supplies the above listed drugs to a beneficiary during a 30-day period will be eligible for one \$24 supplying fee in that period.

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- **\$16.00 for each subsequent prescription** of the above listed drugs supplied to a beneficiary in the same 30-day period.



Notes:

- For a refill prescription, Medicare will allow payment of a \$24 supplying fee up to seven days before the end of the 30-day period for which the last \$24 supplying fee was paid.
- A pharmacy will be limited to one \$24 fee per 30-day period even if the pharmacy supplies more than one category of the above-mentioned drugs (for example, an oral anti-cancer drug and an oral anti-emetic drug) to a beneficiary. A supplier will not be allowed more than twelve \$24 supplying fees per beneficiary per year.
- Medicare will pay a supplying fee for each prescription (including prescriptions for different strengths) of the same drug supplied on the same day. For example, Medicare will pay a supplying fee for both a prescription for 100 mg tablets and a prescription for 5 mg tablets of the same drug supplied on the same day.
- This change does not alter the one-time \$50 supplying fee (code Q0510 – replacement code for G0369) for the first immunosuppressive prescription after a transplant.

Dispensing Fees

Medicare also pays a dispensing fee for inhalation drugs, in accordance with Section 1842(o)(2) of the Social Security Act. Effective January 1, 2006, Medicare will pay one dispensing fee to a pharmacy amounting to:

- **\$57.00 for an initial dispensing fee** to a pharmacy for the initial 30-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that time;
- **One dispensing fee of \$33.00 for a 30-day period of inhalation drugs** furnished through DME regardless of the number of shipments or drugs dispensed during that time; and
- **One dispensing fee of \$66.00 for each dispensed 90-day period of inhalation drugs** furnished through DME regardless of the number of shipments or drugs dispensed during that time.

One Dispensing Fee Payment for 90-Day Period

Only one dispensing fee payment will be made for the 90-day period, regardless of the number of pharmacies used by a beneficiary. A supplier cannot be paid for more than one of the following for a beneficiary for the same period:

- An initial dispensing fee (G0333);
- A 30-day dispensing fee (Q0513); or
- A 90-day dispensing fee (Q0514).

Refill Prescriptions/Supply and Dispensing Fees

For a refill prescription, Medicare will allow payment of the dispensing fee no sooner than seven days before the end of usage for the current 30-day or 90-day script for which a dispensing fee was previously

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paid. An inhalation drug supplier will not be allowed more than 12 months of dispensing fees per beneficiary per year.

Note: The supply fee and dispensing fee must continue to be billed on the same claim as the drug supplied or dispensed. Also, note that a **supplying fee and a dispensing fee is not appropriate for one drug** because:

- The supplying fee is for immunosuppressives, oral anti-cancer drugs, and oral anti-emetic drugs; and
- The dispensing fee is for inhalation drugs only.

HCPCS Code Changes

Durable medical equipment regional carriers (DMERCs) and fiscal intermediaries (FIs) are instructed by CR3990 to recognize the following Healthcare Common Procedure Coding System (HCPCS) codes for:

- Supplying fees for immunosuppressive, oral anti-cancer, and oral anti-emetic drugs:
 - **Code Q0510** (replaces G0369) – First immunosuppressive prescription after a transplant (\$50.00).
 - **Code Q0511** (replaces G0370) – Pharmacy supplying fee for immunosuppressive, oral-anti-cancer, and oral anti-emetic drugs, first prescription in a one-month period. Each pharmacy may receive this fee once in a 30-day period (\$24.00).
 - **Code Q0512** (replaces G0370) – Pharmacy supplying fee for immunosuppressive, oral anti-cancer, and oral anti-emetic drugs – each subsequent prescription in a 30-day period (\$16.00).
- Dispensing fee for inhalation drugs(one per month) - Pay the first claim received for inhalation drugs:
 - **Code G0333** - Pharmacy dispensing fee for initial inhalation drug(s); initial 30 day supply to a beneficiary.
 - **Code Q0513** (replaces G0371) - Pharmacy dispensing fee for inhalation drug(s); per 30-days (\$33.00).
 - **Code Q0514** (replaces G0374) - Pharmacy dispensing fee for inhalation drugs(s); per 90-days (\$66.00).

A supplier cannot be paid for more than one of the above fees (G0333, Q0513, Q0514) for a beneficiary for the same period.



Note: Effective January 1, 2006 Medicare will no longer recognize codes G0369, G0370, G0371, and G0374. Also, the Medicare DMERC or FI will downcode G0333 to Q0513 and pay on the basis of Q0513 if a prior claim has been paid to any supplier for that beneficiary for inhalation drugs. Similarly, Medicare will downcode Q0511 to Q0512 if more than one claim for Q0511 is received from the supplier for a beneficiary during the 30-day period (except allowing for the refill within seven days of the end of the 30-day period).

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Implementation

The implementation date for the instruction is January 3, 2006.

Additional Information

For complete details, please see the official instruction issued to your FI or DMERC regarding this change. That instruction may be viewed by going to

<http://www.cms.hhs.gov/Transmittals/downloads/R754CP.pdf> on the CMS web site.

If you have any questions, please contact your DMERC or FI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.pdf> on the CMS web site.

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